

A SHORT <sup>15</sup> 15  
ADDITION  
TO THE  
OBSERVATIONS  
CONCERNING  
TRADE  
AND  
Interest of Money.

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*By the same Hand.*

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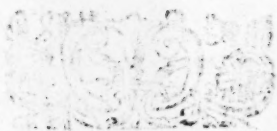


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LONDON,  
Printed for Henry Mortlock, and are to be sold at the Sign  
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A SHORT  
ADDITION  
TO THE  
OBSERVATIONS  
CONCERNING  
TRADE  
AND  
Interest of Money

By James Smith



LONDON

Printed for James Smith, at the Angel in St. Dunstons Church, in the Strand, 1790.



*A Short Addition to the Observations concerning  
Trade, and Interest of Money.*

Objection I.

**A**S to that Objection, *That the Low Interest in Holland, proceeds from their abundance of money, and not the force of Laws:*

I think I have sufficiently answered it already in my printed Treatise: But this further may be said, which I knew not then:

Laws have done it here, as hath been proved; and Laws did do it there: For the very next year after Interest was brought from ten to eight *per cent.* in England, the Dutch brought it by a Placart or Law to six *per cent.* in Holland; and the same year that the Long Parliament were about to bring it to six, they brought it to five *per cent.* This I have from an unerring hand: And I presume they have since brought it by a Law to four *per cent.* but of that I know not. However of this I am certain, Let the Law bring it to five or four at this time, & the People of themselves, by encreasing the Riches of the Kingdom, will bring it to a lower rate: which is manifest in all the Progressions of Nature. As for Example: A poor man that by his Labour can but just maintain his family, with much care and diligence; if he have the good hap to light on a small stock of 50 or 100 *l.* or have so much given him; upon that small Foundation he may arrive to an Estate of 1000 *l.* it may be 10000 *l.* and so it often falls out: Whereas without such an opportunity, he might have laboured all

his days for Bread onely. So it is in diseases in the Body natural; remove but the cause, take but away the Shackles of Nature, and she will soon recover Strength and flesh: so take off the Burthen from Trade (whereof none is so heavy as that of Interest) and the People will work out the rest to the prodigious increase of their Riches, as the *Dutch* have done.

### Objection II.

Another Objection I have lately met with, is, *That Holland is but a small Tract of Land, and consequently Land is dear there not because Interest of Money is low.*

I answer, This is a gross mistake: For Land and Interest of Money are, all over the Universe, like two Buckets; if one go up, the other must go down, and the contrary, whether it be a great or small Territory; as is evident in our own Plantations, as well as in all other places of the World mentioned in the former Treatise. (*Viz.*)

*Barbadoes* is a small Territory, & the richest in the World, ordinary Land being worth there 10 *l. per ann.* the Acre; Use of Money by Law is 15 *l. per annum*, and their Plantations sell but at seven years purchase at most. *New England* is a Country where the Legal Interest is eight *per cent.* and I am told they are now about bringing of it down to six *per cent.* There the Plantations will sell at fourteen to fifteen years purchase, though it be a vast Continent. In *Virginia* Interest is at fifteen *per cent.* and Plantations sell not at above seven years purchase at most, And, which is more observable, all those Places are not rich or poor according to the goodness of their Soil, but exactly according to the Rate of Interest. *Barbadoes* the richest Land, hath the poorest People; *Virginia* the next best Land, but a much poorer People than the *New-Englsh.* *New England* incomparably is the worst Land of the three, and yet the richest People of them all, and increasing dayly to a miracle, unto those  
that

that know not that by their *Laws* about Interest of Money, they must necessarily suck the Blood of the other two places, with whom they have a constant intercourse in Trade; which in effect is the same as if they lent them money. And the consequences of this to that *Island of Barbadoes*, are so visible and fatal, that if all the Planters or Owners of the Territory of that Island should now make up their accounts with the City of *London*, they would be found so much indebted to this City, that the sale of all their Lands and Goods to their very Shirts, would not pay one half of what they owe. This I have reason to know, having as much experience of the Trade of that place, and the condition of that people, as most Merchants in *London*: And this I have asserted in the company of many of the most considerable *Barbadoes Planters* now in *London*, who have ingeniously confess'd it to be true: Although most certain it is, That the late Sir *James Drax*, Sir *Thomas Muddisford*, Collonel *Birch* now of *Giddy-Hall* in *Essex*, and some few other Planters, have arrived there to very great Estates, after they could bring their affairs to such a consistency as to stem the desperate current of that interest, and row with the stream, by ceasing to borrow, and becoming Lenders: *It being the necessary and never-failing consequence of a high Interest all the World over, to enrich a very few, and impoverish all the rest of the Nation*: Which was the true reason that we had in former times about half a dozen such as *Gresham*, *Sutton*, *Craven*, and *Spencer*; but besides them, not one man of 10000 *l.* Estate, for a hundred which we have now.

### Objection III.

To that Objection, That *Usurers* will call in their money if it be now brought to four per cent. whereas if it be brought but to five per cent. it is hoped (by some Gentleman) that the *Usurers* will be more favourable.

I think

I think that Objection is likewise fully answered in the *Princ-  
zed Treatise*. But to enlarge a little further upon it, I premise  
the Common Usurers qualifications; for of such only I speak  
in this place (*viz.*) He is always a Sly, Subtile, Wary, Cove-  
tous, Timorous Thrifty (*alias*, Miserable) Person, and com-  
monly well stricken in years; and if this Character be true,  
which I submit to the Judgment of those that are better ac-  
quainted with them; Then I say it is impossible for the ge-  
nerality of Usurers to call in their Money, though it be  
brought to four *per cent*: To demonstrate this, I suppose  
the Usurers to be of two sorts (*viz.*) the *Country Usurer*,  
and the *City Usurer*. Suppose likewise the Law were past  
to reduce Interest to four *per cent*, and see what the *Country  
Usurer* will do? Very angry doubtless he will be; but what  
then? No question but he will threaten and talk of calling  
in his Money, but being no Fool but a subtile Person (as  
hath been said) his prudence will prompt him to consider  
how to mend himself, by being posselt of his Money, and  
what to do with it when he hath it. Trade, or run it by  
Exchange he cannot, being too old to learn; and too wise  
to be cheated; as he must be sure to be; if he precipitate  
himself into Business he understands not: Let it lie dead by  
him he dares not; being posselt already with several quali-  
fications that will inhibit him; Insomuch, that if he should  
do it, he must never after think of Sleeping quietly; his  
natural timorousness being such, that every noise he hears  
will put him into a panick fear of Thieves come to rob him;  
and his Covetousness is such, that upon the very thoughts of  
having no Use-Money coming in, it will almost, if not alto-  
gether, break his heart; and then his miserableness is such,  
that upon the frightful Apparition of no Income, or more  
properly the Disappearance of all his Incomes at once, it  
may be feared he will go near to starve himself. What other  
course then can he take? I say there are but two left him in  
the world, *Viz.*

Either to purchase Lands, or improve those he hath.

¶ All Lands after such a Law will certainly advance six years  
purchase;

purchase: So that New Purchasers shall never, by buying Lands, make 3 per cent. of their Money, and in consequence, the Usurers great subtilty that now directs him to take 6 per cent. for his Money, rather than buy Lands at Eighteen and Nineteen years Purchase, will then advise him to continue his Money at four per cent, rather than buy Lands at twenty six years Purchase, which he must give after the making of this Law.

For Improvement of his own Lands, if he take to that, I will not offer a word to hinder him; he may certainly make the best profit that way, after this Law: but what shall be called in to that purpose, I know, cannot much affect Gentlemen in Debt, because the Use money the Usurers receive, will be sufficient to carry on that work, being a gradual Expence without calling in the Principal.

The City Usurer differs from the Country Usurer only in this, that he hath formerly had some Experience of Trade, and hath now the opportunity of laying out his Money by Building, which the Country Usurer hath not.

For the first (viz.) Trade, they have been so long out of it, that very few of them will now settle to it again themselves, but they will bring up their Children to it, which otherwise they would not have done.

For Building, I know many of them will be doing in that, but that likewise is a gradual Expence, somewhat like improvement of Lands, and the great Usurers may Build annually as much as it is convenient for one man to have in hand at one time, upon the receipt of their growing Interest only, that is let out upon Personal Security.

Further, I do affirm Categorically, That in all Parts of the World where ever Interest of Money is lawful, Securities

are safest to the Lender, and easiest to the Borrower. And  
 moreover Interest of Money was high, they are more dan-  
 gerous to the Lender, and difficult to the Borrower. Whi-  
 ther this be true at no Universally, I appeal to the Experi-  
 ence and Observation of all Travelers and Merchants, so far  
 as the Teder of my Conversation hath suffered me to range, I  
 am sure never failed.

For Instance, in *Barbades*, it is a more difficult thing to  
 take up 100 *l.* Vallew in Sugar (which is the Money of that  
 Country) at 15 *per cent.* then it is to take up 1000 *l.* at  
 6 *per cent.* in *England*; the like is in Tobacco in *Virginia*.  
 In *Ireland* the like, at the rate of that Country, with this  
 also that whoever can be credited for 1000 *l.* there must  
 give 4000 *l.* worth of Land for Security; whereas 2000 *l.*  
 worth of Land is esteemed in *England* a good Security for  
 1000 *l.* Money at 6 *per cent.*

In *Holland*, likewise any man that is a competent good  
 Husband, Prudent and Careful in his business, may take up  
 500 *l.* or 1000 *l.* at 3 *per cent.* upon his own Note on-  
 ly, whereas in *England* where the present rate is double,  
 the Usurers require three good Mens Bonds at the least, for  
 500 *l.* at 6 *per cent.* which safety to the Usurer and ease of  
 giving Security by the Borrower, must needs proceed from  
 the Lowness of the rate, because the Usurer being a crafty  
 Fox, knows that 6 *per cent.* will certainly impoverish the  
 Gentlemen; and weaken the Merchant and Tradesman, if  
 they take up much at Interest, and the rather, because he  
 knows the Merchant must beyond the Seas meet with a  
 Dutch Competitor, that hath his Money at 3 *per cent.* and  
 therefore is so wise as to have two or three Securities, that if  
 one be boundone, he may have time enough to force in his  
 Money from the rest before they be all ruined: Whereas  
 when Money is here at four *per cent.* the Usurer that hath  
 his Money out at present upon Mortgages, will find his Secu-  
 rity be already hath bettered, and therefore it will be his wis-  
 dom

dom to continue it; that Land being then worth 2600 *l.* which is now worth but 2000 *l.* and the Merchant or Tradesmen that he knew *six per cent.* would ruine, may subsist under *four per cent.* and consequently the Usurer will not be so jealous of his standing, as it appears they are not in *Holland*, because that at a low rate they may live comfortably, that must break at a high.

### Objection 4.

There is another Objection, which I may properly call the Usurers Objection, for I commonly meet with it from them (*viz.*) They say all the Money in the Nation is employed; and although they employ it not themselves, they lend to others that do, and more cannot be employed then we have, though Interest were at three or two per cent.

I answer, That no Money is employed to the advantage of any Kingdom; but that only which is Employed in Foreign Trade, or by Artificers, and in Manufacture, or Improvement of Land. And that no Money is or can be Employed in those profitable ways, but so much only as we can make above *six per cent.* of, as for example: A Merchant in London that hath an Estate of 30000 *l.* or 40000 *l.* can hardly Employ with all his Art and Skill above one fourth, or half at most of his said Stock in Foreign Trade to make above *six per cent.* because all other Trades that afford a less profit (all hazards considered) are supplied by the Dutch, and must necessarily be so till Interest of Money be abated.

Whereas

[ 2 ]

Whereas, were Interest of Money here at four per cent,  
Merchants Own Wisdom would induce them to Trade with  
all their Stocks; or at least so much as they could make a  
greater gain of then four per cent. which would be just  
one third more than is now employed in Forreign Trade, or  
those other profitable employments to the Kingdom.

### Objection, 5.

Another Objection I frequently meet  
with, which I may not Improperly call the  
Merchants Obiection, because it generally  
comes from them (and their Language and  
Designs I may pretend in part to understand,  
if I understand any thing at all.)

The said Obiection is, That we have already  
so many Traders, and so much Stock employed in  
Trade, that we can scarce live by what we do; and  
if we should bring a greater Stock into Trade, which  
the sequel of this Law will do, and multiply Traders,  
no Trade will be worth the following.

Before I answer this Obiection, I must do right to my fellow  
Citizens and Merchants, in confessing that although at the  
first starting of this Controversie in publick discourses, above  
nine tenths of all those I conversed with were against it;  
yet that since, upon reading and hearing what hath been said  
and printed for it, above three fourth parts of all those I have  
had communication with, are come over to acknowledge,  
That the abatement of Interest from six to four per cent. will  
be a real advantage to the Kingdom in general.

But further, To satisfy such as are yet in doubt, I say, Those Merchants that have great Stocks, and would have Interest continued at six per cent. if they prefer their own private Gain to the Common Good, they are in the right as to themselves; for the abatement of Interest will certainly and necessarily increase Industry and good Husbandry; it will as certainly multiply Traders and Stock in Trade, and in consequence the gain of the present Merchant who employs his own Stock, and lends to others, will be the less. But he must be wilfully blind that cannot see the advantage of the King and Kingdom will be the more, by the multiplication of Merchants, and increase of Stock in Trade, the effect & success whereof in this particular (as already it hath been) will be Mathematically the same as in the advance of Land, *vid: All the Land of this Kingdom will be advanced one third in value; and the very same properties will the gain of the Kingdom be advanced by the increase of Trade and Traders: Only with this difference: Every individual Gentleman now possessor of Lands will receive his proportional benefit thereby presently; Whereas the benefit by Trade will redound to the King and Kingdom in general, and not to the particular advantage of any of the present Merchants, except suchionely pay Interest for all or part of their Stock in Trade. But the rest of Merchants who receive not a present benefit, will partake of the future advantage thereof to themselves and Children in common with their Country: Which when well weighed and meditated upon, I am perswaded will convince those worthy Merchants that are yet unreconciled to this Principle.*

### Query.

*But here it may be said, How shall we increase our Trade, when we cannot get by what we have already?*

If it be seriously considered, this question is answered in what I have before said. But further to explain it:

The Dutch drive a great Trade in *Salt* from *Rosbeck*, *St. Vebat*, and other places, to the *Baltick Sea*; by which, if they can get eight or nine per cent. they are very well content: We, while Money is at six per cent. cannot live on so small a profit as is the surplusage of that above the Interest, and in consequence we look not after it, but rather choose to put out our Money at six per cent. Whereas were Money with us at four per cent. we should then be content with the surplusage of that profit, and follow it closely.

But if it be here objected, from what I formerly published, *That we have no such Bulky Ships to sail with little charge as the Dutch have:*

I answer, We are composed of the same Elements as they are, and have hands and heads as well as they; and that a Low interest is the cause of these and many other profitable Engines, which they work withal. And that he hath not half considered this point, who doth not know infallibly, *That a low Interest is a Spur to Invention as well as Industry and Good Husbandry: Nay further, That it multiplies men, as well as increaseth Trade in any Nation, the latter naturally generating the former.*

F I N I S.